The Private Military Company: An Entity at the Center of Overlapping Spheres of Commercial Activity and Responsibility

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1 Introduction

Despite growing awareness of the private military company (PMC) as a distinctive commercial entity due to the involvement of numerous such enterprises in Iraq and the wider war on terror, confusion is still palpable in determining what precisely constitutes a PMC. Whilst the various angles from which the PMC is approached in the literature have not yet converged to a conclusive view on the constitution of the PMC in its contemporary form, it is also necessary to acknowledge that the delineation of this form of commercial activity within wider and shifting corporate structures is in its infancy. Various firms labeled PMCs are not PMCs entirely, but corporations possessing PMC capabilities and offering private military services only as part of diversified portfolios of services. As a result, the PMC category is on occasions inaccurately stretched to encompass all the services on offer by these corporations. In turn, PMCs expand beyond their core business and offer services that cannot be categorized as private military services. Defining the PMC and delineating its articulation within wider, adjacent, and overlapping corporate structures are the aims of this chapter.

First in the chapter, I will explore the PMC in the context of the services on offer by the private military industry. This is done by introducing and contrasting the idea of a PMC service spectrum with common typological models in the literature. The intention is to generate a conceptual approach through which to view the private military industry that does not in the process of abstraction misrepresent the reality of operations in the ground. This constitutes the basis upon which I distinguish private military services and define the PMC in section two. Subsequently, I offer a perspective on the organization of the private military industry at the turn of the century. The areas covered by PMC activity in relation to adjacent and overlapping commercial domains are outlined. The emphasis is on the analysis of the links established between the PMC and the security sector in section three, and the outsourcing business in section four. The variable constitution of these links would lead me to argue that the PMC can be best visualized as an entity at the center of a number of overlapping spheres of business activity. I will use representative examples of firms in order to facilitate the analysis.

2 The PMC Service Spectrum

PMC services are generically identified as containing the provision of military and security-related expertise previously considered the preserve of the state, i.e. services that only the state, through its armed forces and law enforcement and intelligence agencies, could legally and legitimately provide. Since at least the early 1990s, the quest for raising the efficiency of government and its articulation through New Public Management (NPM) reform has resulted in a growing trend towards the privatization and outsourcing of state functions and services (see, e.g., McLaughlin et al. 2002; Lane 2000). The widespread adoption of NPM strategies has resulted in the state increasingly managing its monopoly of violence with the assistance of commercial firms. Many of these firms are PMCs themselves, or diversified corporations offering private military services inter alia that have little or nothing to do with the military. Yet both types of firms offer services that can be analytically contained in what I refer to here as the PMC 'service spectrum'. The idea of a service spectrum arises out of objective and comparative observations of the services offered by various firms commonly labeled as PMCs. In this section, I develop the idea of the service spectrum and contrast it with typologies of services in the literature. This exercise will assist me in establishing the distinctiveness of private military services, which constitute the basis of the definition of the PMC offered in the next section.

The PMC service spectrum can be described as a continuum at one end of which are found firms that offer services that more markedly assist in the management of the monopoly of violence of the state. For example, offering services that are more commonly undertaken by and/or associated with armed forces. As a result, some of the firms at this end of the spectrum have been referred to by some commentators as 'private armies' or 'new mercenaries'. This type of PMC is able to deploy a force in an attempt to end a rebellion or restore a government to power, as the defunct Sandline International (Sandline) was contracted to do in Papua New Guinea and contributed to in Sierra Leone; to raise and maintain a degree of internal stability in conflict regions, as Executive Outcomes (EO), while active, succeeded in doing for some time in Angola and Sierra Leone; to upgrade to Western standards the military and security apparatuses of some states, as Military Professional Resources Incorporated (MPRI) accomplished in the Balkans; or to coordinate country-wide private security operations, as Aegis Defence Services (Aegis) has been doing for the United States (US) government in Iraq since mid-2004. I will also situate at this end of the spectrum firms such as Kellogg, Brown & Root (KBR), whose wide-ranging supportive and logistic services have rendered them essential players in the deployment and mainte-

nance of US forces in conflict regions, such as the Balkans in the 1990s and Iraq more recently. The firms at this end of the service spectrum render services whose type and scope challenge traditional perceptions of state authority and often figure prominently in the debate in the topic.

At the opposite end of the service spectrum are PMCs that restrict their activities to specific areas or specialized tasks. Medical Support Solutions (2005), for example, offers "a comprehensive solution for your healthcare and emergency medical requirements wherever your projects or work sites may be". Field medicine firms capable of operating in conflict environments such as Medical Support Solutions could not qualify for the private army label. Yet their former military personnel are in a position to satisfy a demand for medical attention that the regular practitioner would not be able to provide. Further examples of firms lying closer to this end of the spectrum include Global Development Four (2004), whose mission is to manage transport fleets "in any part of the world, no matter how difficult the terrain, how hostile the elements, or how unsympathetic the political climate". Applied Marine Technology (2003), although now a more diversified firm, was established in 1991 with the aim of "supporting Naval Special Warfare Operations". The firms at this end of the service spectrum trespass into the monopoly of violence more sparingly. Therefore, they are sometimes difficult to identify or to track, and hence analyze.

Specialization or market niche can be seen in other diversified PMCs. Chilport, for example, is a British firm specializing in canine discipline and the supply of trained dogs. The firm's former military experts work in "all the major theatres of recent and on-going operations" (Chilport 2004), Iraq being one of them. Similarly, one of the companies owned by Blackwater USA is Blackwater K-9 (2004), which is "developing and maintaining a cadre of experienced military and law enforcement K-9 handlers" for work in medium to high-risk environments. Ronco Consulting Corporation (2004) advertises specialization in development assistance: humanitarian demining, procurement services, financial market consulting, agribusiness, and private sector development. AirScan's air surveillance expertise brought the firm into Iraq in order to conduct night air surveillance of oil pipelines and infrastructure. EOD Technology, on the other hand, is identifiable for its expertise in the disposal of unexploded ordnance (UXO). The firm was contracted by the Army Corps of Engineers for this work in Iraq. Titan Corporation's five-year contract to supply foreign-language interpreters for the US Army has become the firm's "single biggest source of revenue" (Titan Corporation 2004: 2, 19), and so on.

PMCs come in all shapes and sizes, but regardless of whether they are independent service providers, subsidiary concerns, or units within corporations, the majority of PMCs are found between these two poles of the service spectrum. Whilst many other areas of specialization are found in the industry, providing an exhaustive survey of all the services PMCs offer would amount to a Munitions List similar to the one used by the US to control the export of defense goods and services, which besides falling outside the scope of this chapter, would erode the analytical value of the argument introduced here. Nevertheless, the degree of itemization in munitions lists reflects the potential scope of specializations that the private military industry might develop in the future as it increasingly assists governments in the management of security and defense.

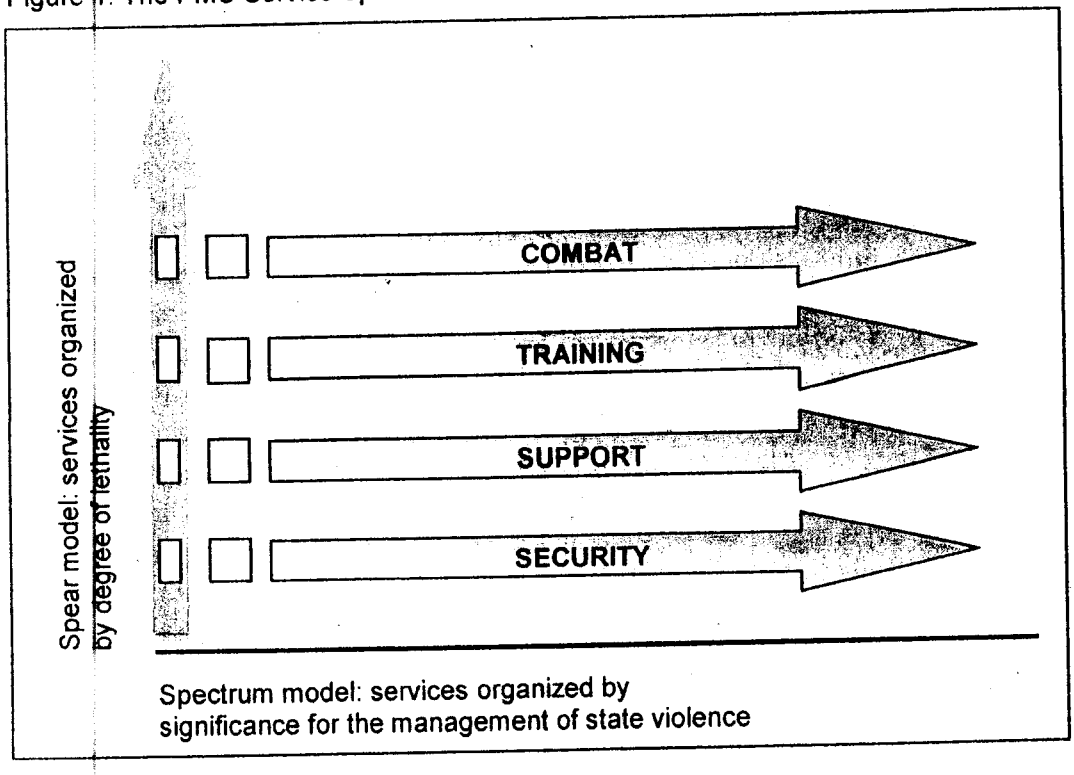
A variation of the idea of the service spectrum is found in the conventional typological model in the PMC literature, which classifies services hierarchically according to their level of lethality and compartmentalizes them into easily recognizable aspects of state security and defense: combat, training, support, and security (below, I shall refer to this classification model as 'C'). Singer (2003a: 91ff.), for example, classifies the private military industry into three types of firms through a framework based on the merging of the tip-of-the-spear analogy (according to "the range of services and levels of force that firms are able to offer") and the breakdown of the outsourcing business (service providers, consultative firms, and non-core service outsourcing): military provider firms (e.g., EO), military consulting firms (e.g., MPRI), and military support firms (e.g., KBR). To his classification, we need to add the broad range of security and protection solutions offered by PMCs, which constitutes perhaps the most common services on offer.

Avant (2005: 16f.) introduces a refinement to this model by focusing on the 'contract' and not the 'firm' as the unit of analysis (I refer to this model as 'A'). In her typology, "contracts in the battlespace" are divided into two hierarchical categories based on external (military) support and internal (police) support. The first category covers armed operational support, unarmed operational support, unarmed military advice and training, and logistics support; the second category armed site security, unarmed site security, police advice and training, crime prevention, and intelligence. Brooks (2005), on the other hand, moves the focus from 'firms' to 'industries' (I refer to this model as 'B'). He groups military and security service providers into PMCs (strategic security, e.g., DynCorp, and MPRI), Private Security Companies (PSCs) (tactical security, e.g., Blackwater USA, and ArmorGroup), and Non-lethal Service Providers (NSPs) (logistics and technical support, e.g., KBR, and ICI of Oregon). The models proposed by Avant and Brooks, in spite of changing

the unit of analysis, preserve the same organizing criteria as the conventional typological model.

These typologies, while offering a good insight into the type of services on offer by the private military industry, in themselves do not make explicit the distinctiveness of PMC services, which we need to establish in order to define the PMC. Another issue to consider here is that the conventional typological model and the PMC service spectrum do not exactly match. This is illustrated in Figure 1 below. For instance, it is possible to situate at the fully-fledged end of the service spectrum firms such as the defunct EO and Sandline (C: combat/A: external armed military support contracts), MPRI (C: training/A: external military advice and training contracts/B: PMCs), KBR (C: support/A: external military support contracts/B: NSPs), and Aegis (C: security/A: armed site security contracts/B: PSCs).[1] Thus, the service spectrum suggests that PMCs can be situated in parallel to the state and have a strategic impact on the management of the state's defense and security functions even if the services on offer differ qualitatively (A, B, or C).

Figure 1: The PMC Service Spectrum



1 It should be noted that Avant's analysis considers the permutation of firms across service areas, e.g. between the four categories of the 'C' model.

Yet it is when the service spectrum and the typological models discussed are contrasted that it is possible to raise the question where the distinctiveness of private military services lies, which distinguishes the PMC from other commercial entities. The distinctiveness of PMC services lie at a basic level, both identifiable in the typologies of services noted above and the PMC service spectrum. The military expertise easily identifiable in services that involve skills applicable to combat or combat support, i.e. 'active' services, is always latent in the offering of 'passive' services, e.g., training or support.[2] It is important to remember that an important proportion of PMC personnel are former military personnel from well-trained forces. The military expertise of the former soldier, or the seasoned law enforcement officer, is contained in both the active and passive services offered by PMCs. This expertise is actively used or can be potentially used by PMC personnel depending on the degree of hostilities of the particular location where a PMC is deployed and the type of services rendered to clients. The military and security expertise originates not in the state, but a private firm: the PMC. Thus, the expertise belongs to a private firm which profits from its active or potential use in the international market.

3 Defining the Private Military Company

In light of the preceding discussion, Private Military Companies can be defined as legally established multinational commercial enterprises offering services that involve the potential to exercise force in a systematic way and by military means and/or the transfer or enhancement of that potential to clients. The potential to exercise force can materialize when rendering, for example, a vast array of protective services in climates of instability (on land and sea). Transfer or enhancement, on the other hand, occurs when delivering expert military training and other services such as logistics support, risk assessment, and intelligence gathering. It is a 'potential' to exercise force because the presence of a PMC can deter aggressors from considering the use of force as a viable course of action.[3] PMCs also offer services that do not involve the potential to exercise force. These include training in non-conflict environments, and management and/or maintenance of strategic facilities, transport, and communications infrastructures. Still, the delivery of such

2 In the academic debate, these 'active' and 'passive' distinctions have been used by O'Brien (2000).

3 Alex Duperouzel, founder of Background Asia Risk Solutions, e.g., comments that the strategy of his company is "based around the idea of deterrence. We are trying to tell people that we are armed and serious and that there are easier targets elsewhere." (cited in Harris/ Fidler 2005)

services involves civilian rendering of expertise that, nonetheless, directly enhances the recipient's military and security capabilities. All the services on offer by the private military industry have a direct impact on and contribute to the management of the state's monopoly of legitimate violence.

By recruiting former military personnel and by taking on tasks previously handled by states, PMCs have inherited routines in which established military practice and international law and custom are already contained. Since PMC employees typically acquired their skills in the service of the state, expertise tends to be delivered or transferred in accordance with rules established and observed by the respective states. Hence, the modes and norms of warfare and law enforcement of the traditional legal regime tend to resonate in private military and security provision. Belonging to this tradition we find adherence to international laws governing war, observance of rules of engagement, the organization of personnel according to a system of ranks, the delegation of authority through chains of command, the use of prescribed weaponry, tactics, and intelligence, and the establishment of commercial relations with internationally recognized governments and organizations. Although in the process of privatization they may erode or unravel in a variety of ways, this might be particularly the case when the motive for privatization is to escape these rules and practices, or when firms do not establish adequate vetting procedures for the selection of personnel.

Clearly, there are always borderline cases. Mercenary outfits might be operating in the periphery of the world disguised as PMCs. Perhaps some of these borderline cases are found in the "retired military guys sitting in a spare bedroom with a fax machine and a Rolodex" envisaged by Wood (cited in Silverstein 1997: 11), or the "virtual companies" (similar to e-commerce) noted by Singer (2003a: 75). Nevertheless, the existence of such mercenary groups does not undermine the distinctive features of the Private Military Company. Sound judgment is therefore needed not only to distinguish illegitimate military service providers from PMCs, but also in assessing the applicability of the definition proposed here to firms in related commercial areas.

The definition makes it also possible to argue that PMCs are constituted either as stand-alone firms, or represent, or are part of, hybrid business enterprises. The primary business of the 'stand-alone PMC' is the offering of private military services. The stand-alone PMC can be an independent service provider, although legally it may be a subsidiary of a different firm. In the latter case, they nonetheless preserve a good degree of operational independence. The 'hybrid type of PMC', on the other hand, is a functional division of a corporation that while offering private military services its chief business does not fall within the PMC service spectrum. Thus, stand-alone

PMCs can be, and hybrid forms of PMCs are, linked to broader corporate structures. The links are established with corporations in various sectors, e.g., aerospace, defense, engineering, and information technology (IT). Prominent amongst these sectors, PMC aspects are found in the corporate security sector and in corporations engaged in the outsourcing of state tasks. While the examination below illustrates the close links between the PMC and these sectors, it also sheds new light on overlaps between apparently discrete commercial areas.

4 The PMC and the Security Sector

PMCs may be understood within the broader expansion of the security sector already underway during the Cold War, when governments began to experiment with the privatization of jail management, embassies abroad started to be protected by security companies, private policing of estates became a widely-used alternative, the guarding of nuclear facilities or airports ceased to be considered endeavors too exotic to be undertaken by the private sector, etc.[4] Both the traditional security and the PMC sectors satisfy a demand for protection. Nonetheless, besides the intrinsic military nature of PMC services, the offensive and strategic potential delivered or transferred to clients by PMCs distinguishes them from traditional security firms.[5] Yet both businesses expand and consolidate. Some security corporations have expanded their catalogues of services to include the military aspect absent in the past. One of the strategies followed has been by way of taking over PMCs. Armor Holdings, for example, acquired Defence Systems Ltd. (DSL) in April 1997 in order to establish ArmorGroup, its Integrated Security Services Division. As noted below, the evolution of ArmorGroup subsequently led the firm into a new corporate path. In turn, PMCs have expanded into the security sector. For example, MPRI widened its interests to 'public security' and assembled a group of former chiefs of police and law enforcement experts to establish its Alexandria Group (2003) in November 2000, a business unit whose mission is to offer the "highest quality education, training, organizational expertise, and leader development to organizations around the world".

4 In the US, the Corrections Corporation of America, a firm founded in 1983, pioneered the private prison business. In the UK, Global Solutions, formerly a subsidiary of Group 4 Falck prior to its merger with Securicor, positioned itself at the forefront of the trend with the awarding of the contract to run HM Prison Wolds, East Yorkshire, which opened in 1992.

5 Nick Clissitt, from Control Risks Group, notes that "while most private military activity is now in the tactical area, in the future, the private sector is increasingly likely to help governments with strategic issues" (cited in Fidler 2005).

Expansion and diversification of the security business has also introduced PMCs to new challenges, such as protection against terrorism and maritime piracy. Britam Defence (2004), for example, offers among other services counter-terrorism and Air Marshall training, as well as instruction courses on land and marine counter-terrorism. MPRI now heads a unit that specializes in marine training and simulation, MPRI Ship Analytics, with offices in the US, the United Kingdom (UK), Russia, Singapore, and Egypt. A growing area of piracy concern is the Malacca Straits, which since early modern times has been one of the busiest maritime routes in the world.[6] Piracy is not new to south-east Asian. What has changed, however, is that attacks are more organized and violent and their number and regularity has increased.[7] Moreover, the convergence of piracy and terrorism is becoming one of the biggest concerns of authorities. Hence, demanding a broader participation from PMCs with maritime capabilities such as Background Asia Risk Solutions, a leading firm in the field and in this region.

It should be noted that many PMCs offer traditional security services alongside the military services lying at the core of the business. Various firms possessing PMC capabilities offer this kind of services in emerging markets (e.g., Russia and various Latin American and Asian countries). When law enforcement is an entrepreneurial activity and police forces are corrupt, both corporate interests and concerned citizens are moved to contract private firms for security services. In delineating boundaries between the private military and the private security sectors, it is relevant to note that many PSCs employ former servicemen, thus having personnel at their disposal to develop PMC capabilities.

The development or consolidation of PMC capabilities has been observed in various security firms operating in Iraq. The hostile environment in Iraq needs no elaboration. However, it is a factor in the assessment of the challenging security undertakings of firms operating there. These undertakings often call for the active use of military skills more readily associated with the PMC. Indeed, demand for security services in conflict regions "entails using personnel with military as well as security expertise" due to the hostilities inherent to such environments (Lilly 2000b: 10). Some security firms operating in Iraq might have become involved under the assumption of the more peaceful scenario envisaged by President Bush on 1 May 2003, when from the deck of the USS Abraham Lincoln he announced, "my fellow Americans: Major combat operations in Iraq have ended". It is possible to suggest that corporations whose traditional focus is the provision of more

6 In 2004, 63,500 ships passed through the Straits, with traffic currently estimated to grow at 5% per year (Johnston 2005).

7 See reports from the International Maritime Bureau's Piracy Reporting Center.

conventional security services such as Group 4 Securicor might fall within this category. On the other hand, the PMC capabilities of various self-described 'security' and/or 'risk consultancy' firms (e.g., AKE, Blackwater Security Consulting, Erinys International, Global Risks Strategies, Olive Security, and Triple Canopy) came under the spotlight due to their involvement in Iraq. What is certain is that Iraq has become a Petri dish for the PMC industry, with many of the security companies working there developing PMC capabilities if they did not possess them already. This may be by choice or due to the circumstances inherent in the particular contracts that brought them to the country.

Thus, in the offering of protection services, the PMC business and the security sector increasingly overlap each other. This is particularly the case when PSCs and PMCs operate in unstable regions.[8] Often a close examination of the nature of the services on offer would be necessary in order to establish whether a PSC might be better characterized as a PMC, has diversified into offering private military services, or remains part of the traditional security sector. As we shall see below, corporations in related sectors are also expanding and consolidating with the security sector and the PMC business. The examples offered also illustrate the variable constitution of the PMC as either a stand-alone or a hybrid type of enterprise and assist in constructing a model that outlines the mutating nature of the PMC.

5 The PMC and the Outsourcing Business

Martin van Creveld (1991: 29) comments that during the Vietnam War "even the most pessimistic intelligence estimates never doubted that, throughout the war, the Americans and the Army of the Republic of Vietnam outnumbered the Viet Cong/North Vietnamese forces confronting them". The catch of the story is, however, that "among the American troops, in particular, more than three quarters served in an enormous variety of non-combatant jobs from guarding bases to welfare" (Creveld 1992: 29f.). After the Cold War, private firms are increasingly supplanting the military in covering those non-combatant jobs.

8 Vaux et al. (2002: 17) note that "even if one chose to (...) hire a small local company, a transnational conglomerate might purchase the company without making the transaction known". They illustrate this issue with the case of Federation of the Red Cross and Red Crescent Societies hiring a local company in Uganda not being aware that the company was part of Saladin.

In the West, outsourcing corporations increasingly assist governments in their military endeavors.[9] Leading the way in this field are the US and the UK, "as the nations more regularly involved in equipment-intensive military operations" (Taylor 2004: 196). The US Department of Defense, for example, contracted out the provision of diverse non-military supportive services to the US forces stationed in the Balkans to Brown and Root Services (BRS). It is estimated that between 1995 and through the fiscal year 2000 the cost of employing BRS was approximately 2.2 bio. USD (GAO 2000: 8). The Balkans Support Contract called for BRS to "deliver a wide array of services throughout the Balkans, including food preparation and service, laundry, logistic support such as local transportation, building large portions of the base camps in Kosovo, and performing other construction as directed by the Army". In practical terms, the services ranged from "washing 1,200 bags of laundry and cooking and serving more than 18,000 meals a day" to "operating 95 percent of the Army's transportation, including rail lines and airfields" (Cahlink 2002). Until relatively recently, many of the services BRS delivered to the US forces used to be provided by army personnel themselves.[10] This case illustrates how the outsourcing imperative is moving contractors closer to the battlefield.

In 1998, with the addition of M.W. Kellogg, an oil-pipe engineering company, BRS became part of Kellogg, Brown & Root (or KBR, as Halliburton's subsidiary is better known). KBR has been awarded contracts for reconstruction work, and the support of US forces in Iraq along the lines of the Balkans Contract. KBR might be primarily an engineering and construction group, but operating "in a diverse range of facilities, from petrochemical plants to refugee camps", they also offer "security solutions" (Halliburton 2004). These security solutions are embedded in the engineering and construction work rendered for Halliburton and the support services offered to the US forces in conflict regions. KBR as a whole is not a PMC. Yet the firm delivers private military services and is a hybrid type of PMC.

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9 In management theory, an important outsourcing premise is "differentiating between core and non-core functions and then transferring all non-core functions to a specialist in that function" (Heywood 2001: 29). This is also known as the theory of the virtual organization, which implies that "any function that is not core should be transferred to an external specialist in that function" (Heywood 2001: 29). The current transformation of the military in various Western countries mirrors the theory of the virtual organization, with most of the non-combatant and supportive tasks increasingly being contracted out or outsourced to the private sector.

10 During the Gulf War, approximately one in 50 Americans deployed was a civilian; in contrast, for the NATO peacekeeping operation in Bosnia the ratio had gone down to one in 10 (McIntire Peters 1996).

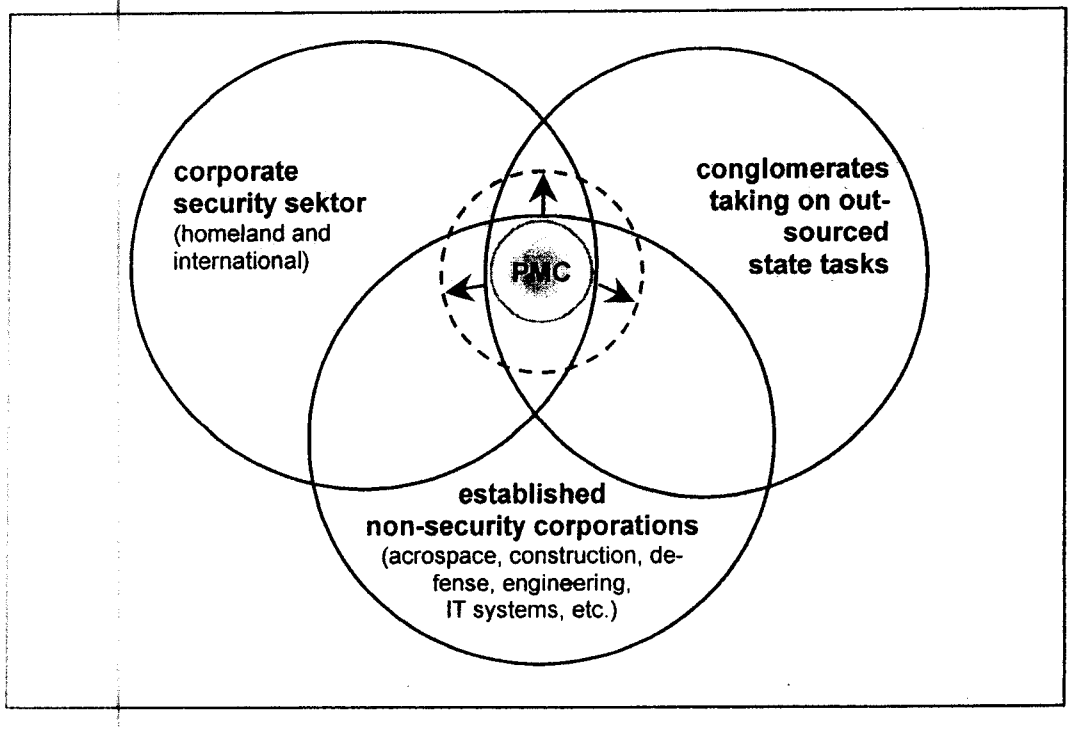
IT systems, communications, and defense procurement corporations have also expanded into PMC services. One such firm is the US-based L-3 Communications Corporation (L-3). L-3 was established in 1997 with the aim to become a mezzanine company in defense electronics and communications. Today it comprises over 60 diversified companies, one of which is MPRI. Even though MPRI preserves its corporate identity and is allowed operational independence – a stand-alone PMC – it became a wholly owned L-3 subsidiary in July 2000. MPRI is part of L-3's Government Services Group.

The implication of the above is that whilst some corporations possess PMC capabilities, it does not necessarily follow that the enterprises at large are PMCs. In turn, not every function of these corporations should be approached as if it were a PMC function. Further examples of corporations with a PMC aspect include Cubic Corporation, whose segment Cubic Defense Applications is currently implementing a Train-and-Equip Program in the Republic of Georgia; Northrop Grumman's subsidiary Vinnell Corporation, which for over 20 years has been training and modernizing the Saudi Arabian National Guard; and DynCorp, which has participated in the Kosovo Diplomatic Observer Mission, the drug enforcement initiative referred to as Plan Colombia, security provision for Hamid Karzai (the post-Taliban President of Afghanistan), and the training of the new Liberian police force and 4,000 strong army. In the assessment of this type of enterprises, it is also necessary to acknowledge that some large corporations, while not intending to expand into the private military business, include highly-skilled security units. For example, Richard Rangeley, from Global Strategies Group, comments that most oil corporations "retain their own security divisions which are quite sophisticated these days, including ex-military and ex-police people" (cited in Catan 2005). The personnel these units comprise possess operational expertise that facilitates liaising with external "former colleagues [e.g., employed by PMCs] in an attack" (cited in Catan 2005). The maintenance of such security units makes segments of these corporations borderline hybrid types of PMCs.

In March 2003, Computer Sciences Corporation (CSC) completed the acquisition of DynCorp. In February 2004, CSC announced the completion of the divestiture of DynCorp International, DynMarine, and selected DynCorp Technical services (segments within the 10 main companies DynCorp originally comprised) to Veritas Capital, a private equity investment firm (Washington Technology 2005). In the transaction, CSC largely disposed of the PMC capabilities of DynCorp. Similarly, Armor Holdings sold ArmorGroup to a group of private investors backed by the venture capital group Granville Baird in November 2003. Civilian interrogators provided by CACI International (2004) for Iraq in 2003 were part of "assets it acquired from Premier

Technology Group Inc in May" of that year. In June 2005, L-3 announced the acquisition of Titan Corporation. In October 2005, Aegis merged the security and risk portfolio of Rubicon International Services into its operations. In November 2005, ArmorGroup acquired Phoenix CP, a firm at the forefront of the close protection business. These examples illustrate how the contemporary business environment renders the private military industry very fluid, in which mergers and acquisitions shift the PMC capabilities of firms across different corporate identities and sectors. An identifiable stand-alone PMC today can easily become a hybrid type tomorrow, and vice versa; or alternatively disappear altogether from the spotlight in the next round of mergers and acquisitions. In this context, Figure 2 illustrates the embedding of PMC capabilities within broader and specialized corporate structures and how, at the same time, PMCs expand beyond their core business to offer some of those services.

Figure 2: PMCs within the Wider Corporate Environment



Therefore, in the contemporary business environment the PMC can be seen as a distinctive private military and security service provider embedded within overlapping and shifting spheres of commercial activity and responsibility.

6 Conclusion

Taulbee (2002: 2f.) has a point when he says that "the sudden high profile of private companies that provide defense services does not signal an innovative departure from past practice". Yet "the numbers of companies, the scope of services offered and the visibility of their operations, not the novelty of the phenomenon, mark the current era as significantly different". In addition, I would agree that towards the end of the 20th century open and full competition and global demand for private military services signals a departure from the earlier market dynamic. This is the current stage of development of the market for private military services this chapter examined. Primarily, well-known American and British firms were used to illustrate the points here. This is because these two countries are at the forefront of the private military business and set standards for the global industry. Based on the conceptual perspective put forward in this chapter, it is possible to identify no less than 200 visible corporate identities in possession of PMC capabilities originating in these two countries, which by any standard represents a large share of the global market. Although some of them are stand-alone PMCs, the hybrid form appears to predominate. Indeed, the perspective of the PMC business I have offered here is hardly a static one. While there are continuous mergers and acquisitions that result in the shifting of the PMC capabilities of firms across sectors and corporate identities, new players emerge and some other succeed in eluding public scrutiny to a point we do not know if they remain active. This perspective presents a more fluid yet accurate view of the PMC, its industry, and the connections established with adjacent business sectors.

Thomas Jäger
Gerhard Kümmel (Eds.)

Private Military and Security Companies

Chances, Problems, Pitfalls and Prospects

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Table of Contents

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